



U.S. Department of Justice

**Stephen J. Murphy
United States Attorney
Eastern District of Michigan**

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277
Fax: (313) 226-3561*

For Immediate Release:

Contact: Susan Plochinski - USAO- (313) 226-9193

July 7, 2006

EVENT: Guilty Plea

Defendant: Imad Majed Hamadeh et al

TWO MEN PLEAD GUILTY TO RACKETEERING

Imad Majed Hamadeh, 51, of Dearborn Heights and Theodore Schenk, 73, of Miami Beach, Florida each pleaded guilty to an Indictment charging them with conspiracy to Violate the Racketeer Influenced and Corrupt Organizations Act (RICO), United States Attorney, Stephen J. Murphy announced today.

Hamadeh and Schenk pleaded guilty in United States District Court in Detroit before the Honorable Gerald E. Rosen, United States District Judge. The indictment charged Hamadeh, Schenk, and 16 other defendants with operating a criminal enterprise to traffic in contraband cigarettes, counterfeit Zig Zag rolling papers and counterfeit Viagra, to produce counterfeit cigarette tax stamps, to transport stolen property, and to launder money. Some of the profits derived from the illegal enterprise were given to Hizballah, a foreign terrorist organization, according to the Indictment. Hamadeh and Schenk face a maximum possible penalty of 20 years imprisonment and a \$250,000 fine.

U. S. Attorney Murphy was joined in the announcement by Daniel D. Roberts, Special Agent in Charge of the Detroit FBI; Valerie J. Goddard, Special Agent in Charge, Bureau of Alcohol, Tobacco, Firearms and Explosives; Brian M. Moskowitz, Special Agent in Charge,

U.S. Immigration and Customs Enforcement, Maurice Aouate, Special Agent in Charge of the Detroit Field Office of the Internal Revenue Service Criminal Investigation; and Michael Cleary, Special Agent in Charge, FDA-Office of Criminal Investigation.

"Combating terrorism and protecting our citizens at home and abroad, is the Department of Justice's number one priority. Raising money for designated terrorist organizations, like Hizballah, is a serious crime which will be vigorously pursued in the Eastern District of Michigan," U.S. Attorney Murphy said. "We will do everything we can to expose, disrupt and prevent any all criminal activity which supports terrorist organizations."

According to Brian M. Moskowitz, Special Agent in Charge of the Immigration and Customs Enforcement, Office of Investigations in Detroit, "ICE will continue to work with other law enforcement agencies to dismantle criminal organizations. Racketeering is a serious crime and ICE will continue to investigate those who exploit our borders to facilitate their criminal enterprise."

The Indictment charges that between 1996 and 2004, a group of individuals worked together in a criminal enterprise to traffic in contraband cigarettes, counterfeit Zig Zag rolling papers and counterfeit Viagra, to produce counterfeit cigarette tax stamps, to transport stolen property, and to launder money. The enterprise operated from Lebanon, Canada, China, Brazil, Paraguay and the United States.

Also named in the Indictment and currently awaiting a January 7, 2007 trial are: Karim Hassan Nasser, 37, of Windsor, Ontario; Fadi Mohamad-Musbah Hammoud, 33, of Dearborn; Majid Mohamad Hammoud, 39, of Dearborn Heights; Jihad Hammoud, 47, of Dearborn; Youssef Aoun Bakri, 36, of Dearborn Heights; Ali Najib Berjaoui, 39, of Dearborn; Mohammed Fawzi Zeidan, 41, of Canton; and Adel Isak, 37, of Sterling Heights. An Indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

Others charged in the Indictment, who are currently wanted as fugitives, believed to be outside the United States, are: Imad Mohamad-Musbah Hammoud, 37 of Lebanon, formerly of Dearborn; Hassan Ali Al-Mosawi, 49, of Lebanon; Hassan Hassan Nasser, 36, of Windsor, Ontario; Ali Ahmad Hammoud, 64, of Lebanon; Karim Hassan Abbas, 37, formerly of Dearborn; Hassan Mohamad Srour, 30, of Montreal, Quebec; Naji Hassan Alawie, 44, of Windsor, Ontario; and Abdel-Hamid Sinno, 52, of Montreal, Quebec.

The Indictment alleges that Imad Hammoud, along with his partner, Hassan Makki, ran

a multi-million dollar a year contraband cigarette trafficking organization headquartered in the Dearborn, Michigan, area between 1996 and 2002. Makki pleaded guilty in 2003 in federal district court in Detroit to racketeering and providing material support to Hizballah. Some of the cigarettes were supplied to the organization by Mohamad Hammoud, who was convicted in 2002 in federal district court in Charlotte, North Carolina, of, among other crimes, racketeering and providing material support to Hizballah. Makki and Mohamad Hammoud, who were not charged in the indictment unsealed today, were identified as unindicted co-conspirators. They both are currently serving prison sentences relating to their activities in this matter.

The Indictment further charges that the group would obtain low-taxed or untaxed cigarettes in North Carolina and the Cattaraugus Indian Reservation in New York and bring them into Michigan and the State of New York for the purpose of evading tens of millions in state cigarette taxes. The enterprise obtained large profits by reselling the cigarettes at market prices in Michigan and New York. The enterprise sometimes used counterfeit tax stamps to make it appear that the state taxes had been paid.

According to the Indictment, portions of the profits made from the illegal enterprise were given to Hizballah. Some members of the enterprise charged a "Resistance Tax," being a set amount over black market price per carton of contraband cigarettes, which their customers were told would be going to Hizballah. Some members of the enterprise also solicited money from cigarette customers for the orphans of martyrs program run by Hizballah in Southern Lebanon to support the families of persons killed in Hizballah suicide and other terrorist operations.

In announcing the guilty pleas, United States Attorney Stephen J. Murphy commended the work of the FBI, the Bureau of Alcohol, Tobacco, Firearms and Explosives, Special Agents of the Bureau of Immigration and Customs Enforcement, the Internal Revenue Service, the Food and Drug Administration, Michigan State Police and the Dearborn Police Department. The case is assigned to Assistant U.S. Attorneys Kenneth R. Chadwell and Barbara L. McQuade.